



May 19, 2016

The Honorable Bob Corker
Chairman
Committee on Foreign Relations
U.S. Senate
Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Benjamin Cardin
Ranking Member
Committee on Foreign Relations
U.S. Senate
Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairman Corker and Ranking Member Cardin:

I am writing in support of the Senate Foreign Relations Committee's consideration and approval of the 2006 Hague Securities Convention on the Law Applicable to Certain Rights in Respect of Securities held with an Intermediary. This important treaty would resolve legal uncertainties that prove detrimental to certain cross-border securities transactions. Ratification of the Convention will provide greater legal clarity for all parties in these transactions, resulting in a more predictable legal framework which would support the affordability and availability of credit around the world.

The majority of securities in financial markets are indirectly held by their ultimate beneficial owner. The registered owner is commonly a clearing corporation, holding the securities on behalf of a bank or a broker, which in turn may hold them for their clients. Each of these entities may reside in a different country, creating choice of law concerns when certain disputes arise. The rules that ultimately bind the transaction may depend on where litigation is initiated. Lenders need to comply with substantive law in multiple countries in order to be satisfied that their interests will be preserved in litigation. This complexity leads to an increased cost to customers and reduces credit availability. The Convention addresses this problem by creating a single framework for determining the governing law in a transaction.

The Clearing House appreciates your consideration of this important treaty and strongly urges its ratification by the Senate. Adoption of the treaty will support economic growth by improving the movement of capital, and access to capital globally.

Sincerely,

Jill E. Hershey
Executive Managing Director, Head of Government Affairs
The Clearing House

